CEQUENCE ENERGY ANNOUNCES FIRST QUARTER FINANCIAL RESULTS

CALGARY, May 9, 2019 – Cequence Energy Ltd. ("Cequence" or the "Company") (TSX: CQE) is pleased to announce its operating and financial results for the three months ended March 31, 2019. The Company's Management's Discussion and Analysis ("MD&A") and Condensed Consolidated Interim Financial Statements are available at cequence-energy.com and on SEDAR at www.sedar.com.

HIGHLIGHTS

- Funds flow from operations[1] was $5.4 million for the three months ended March 31, 2019, $2.1 million higher than the same prior year period and $3.3 million higher than the fourth quarter 2018.
- Oil production for the three months ended March 31, 2019 increased by 274% to 916 bbl/d compared to the same prior year period.
- March 2019 production averaged 6,475 boe/d, 24% crude oil and liquids, as the two new Dunvegan horizontal oil wells produced steadily. Three net Montney wells were reactivated in February.
- Initial production in the first 90 days from the two new Dunvegan horizontal oil wells was 444 boe/d and 369 boe/d, respectively, approximately 60% crude oil and liquids.

SELECTED INFORMATION

(in thousands of dollars except production volumes, per share and $/boe amounts)	**Three months ended March 31,**	
	2019	2018
Financial		
Total revenue[1]	**16,637**	14,443
Net loss and comprehensive loss	**(3,814)**	(3,725)
Per share – basic and diluted[i]	**(0.16)**	(0.30)
Funds flow from operations[1]	**5,364**	3,236
Per share - basic and diluted[i]	**0.22**	0.26
Capital expenditures, before acquisitions (dispositions)	**2,184**	7,454
Total assets	**277,898**	281,368
Net debt[1]	**71,849**	74,477
Production volumes		
Natural gas (Mcf/d)	**26,689**	34,828
Crude oil (bbls/d)	**916**	245
Natural gas liquids (bbls/d)	**183**	274
Condensate (bbls/d)	**417**	647
Total (boe/d)	**5,964**	6,970
Netback ($/boe)		
Price, including realized hedges	**31.00**	23.02
Operating netback[1]	**13.56**	9.36

(i) Prior period common share, stock options, warrants, restricted share units and per share amounts have been restated to reflect the 2018 share consolidation where one post-consolidation common share was equal to 20 pre-consolidation common shares.

[1] Refer to "Non-IFRS Measures" section for further information.

OPERATIONS

	Three months ended March 31, 2019		2018	
	($ thousands)	*($/boe)*	*($ thousands)*	*($/boe)*
Sales of natural gas, oil and condensate	**15,651**	**29.16**	13,678	21.80
Realized gain on commodity contracts	**986**	**1.84**	765	1.22
Total revenue(1)	**16,637**	**31.00**	14,443	23.02
Royalties expense	**882**	**1.64**	737	1.18
	15,755	**29.36**	13,706	21.84
Operating costs	**6,131**	**11.42**	6,389	10.18
Transportation expense	**2,350**	**4.38**	1,440	2.30
Operating netback(1)	**7,274**	**13.56**	5,877	9.36
General and administrative expense	**1,156**	**2.15**	1,250	1.99
Finance costs	**982**	**1.84**	1,896	3.02
Cash netback(1)	**5,136**	**9.57**	2,731	4.35
Unrealized loss on commodity contracts	**2,790**		1,646	
Depletion and depreciation expense	**6,076**		4,829	
Share-based payment expense	**135**		65	
Other income	**(51)**		(84)	
Net loss and comprehensive loss	**(3,814)**		(3,725)	

Production for the three months ended March 31, 2019 averaged 5,964 boe/d compared to 6,970 boe/d for the same prior year period. Crude oil production increased by 274% percent to 916 bbl/d for the three months ended March 31, 2019 compared to the first quarter 2018. The increase was due to 3.0 gross (2.0 net) and 2.0 gross (2.0 net) Dunvegan horizontal oil wells that were completed in each of the first quarter 2018 and 2019, respectively, and tied into permanent facilities. Operating costs per boe increased for the three months ended March 31, 2019 compared to the same prior year period due to workover, swabbing and chemical expenses incurred to optimize and reactivate production. Optimization of the new Dunvegan horizontal oil wells and reactivation of 3.0 gross (3.0 net) Montney wells resulted in March 2019 production of 6,475 boe/d. Operating costs are expected to trend between $9.50 per boe and $10.50 be boe for the remainder of 2019.

Operating netback(1) was $13.56 per boe for the three months ended March 31, 2019 compared to $9.36 per boe for the same prior year period. The increase was due to higher realized natural gas prices and increased oil production from the new Dunvegan horizontal oil wells. Higher realized natural gas prices were due to AECO prices supported by cold weather during the first quarter 2019 and the marketing arrangement that the Company entered into for fixed natural gas transportation effective April 1, 2018, where the Company has been selling 10,850 GJ/d of natural gas to the Dawn, Ontario market. The arrangement increased transportation costs by approximately $1.75 per boe for the three months ended March 31, 2019 compared to the same prior year period. It provides diversification and price improvement away from the volatile AECO market with the Company selling approximately 40% of its natural gas to the Dawn, Ontario market.

CAPITAL EXPENDITURES

(in thousands of dollars)	Three months ended March 31, 2019	2018
Land	**153**	198
Geological & geophysical and capitalized overhead	**191**	169
Drilling, completions and workovers	**1,433**	5,827
Equipment, facilities and tie-ins	**404**	1,260
Office furniture & equipment	**3**	-
Capital expenditures	**2,184**	7,454
Property dispositions [(i)]	**1**	4
Total capital expenditures	**2,185**	7,458

(i) Represent the net cash proceeds from the sale of assets.

Capital expenditures for the three months ended March 31, 2019 focused at Simonette where the Company completed and tied in the 2.0 gross (2.0 net) Dunvegan horizontal oil wells drilled in the fourth quarter of 2018 and completed in early 2019.

Cequence's 2019 capital budget is approximately $13.0 million comprised primarily of costs to drill and complete 2.0 gross (2.0 net) Dunvegan horizontal oil wells in the second half of 2019. The capital budget will be funded from funds flow from operations[(1)].

ABANDONMENT AND RECLAMATION WORK

For the three months ended March 31, 2019 Cequence completed abandonment and reclamation work incurring approximately $2.5 million remediating well sites and removing equipment from the Company's Silver British Columbia properties. The compressors and power generation equipment removed will be redeployed at Simonette supporting optimization projects to increase production. Management expects decommissioning costs for the remainder of 2019 to be approximately $0.5 million.

OUTLOOK

Cequence continues to monitor commodity price volatility and plans to spend within funds flow from operations[(1)] in executing its 2019 capital program and meeting its debt maintenance requirements. The Company plans to drill and bring on to production 2.0 gross (2.0 net) Dunvegan horizontal oil wells in the second half of 2019.

Key guidance metrics for 2019 remain as follows:

(in thousands of dollars, except per boe, per GJ and percentages)	Guidance year ended December 31, 2019	Year ended December 31, 2018
Average production, boe/d[(i)]	**5,800**	**6,507**
Funds flow from operations[(1)] ($)	**17,000**	**13,087**
Development expenditures ($)	**13,000**	**23,800**
Net wells	**2.0**	**4.0**
Operating and transportation costs ($/boe)	**15.00**	**13.15**
Royalties (% revenue)	**10**	**7**
Crude – WTI (US$/bbl)	**61.62**	**65.20**
Natural gas – AECO (CDN$/GJ)	**1.59**	**1.44**

(i) Average production estimates on a per BOE basis are comprised of approximately 75% natural gas and 25% oil, condensate and natural gas liquids in 2019.

Forward-looking Statements or Information

Certain statements included in this press release constitute forward-looking statements or forward-looking information under applicable securities legislation. Such forward-looking statements or information are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Forward-looking statements or information typically contain statements with words such as "believe", "expect", "plan", "estimate", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements or information in this press release may include, but are not limited to, statements or information with respect to: the Company's guidance and forecasts for the year ended December 31, 2019 and its expectations regarding market access for the Company's natural gas production; future drilling and capital expenditure expectations; expected netbacks to be derived from hedging activities and expected operating costs. Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding, among other things: the impact of increasing competition; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability of the operator of the projects which the Company has an interest in to operate the field in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development of exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Company to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters; and the ability of the Company to successfully market its oil and natural gas products. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements or information. These risks and uncertainties may cause actual results to differ materially from the forward-looking statements or information. The material risk factors affecting the Company and its business are contained in the Company's Annual Information Form which is available on SEDAR at www.sedar.com.

The forward-looking statements or information contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise unless required by applicable securities laws. The forward-looking statements or information contained in this press release are expressly qualified by this cautionary statement.

Additional Advisories

(1) Non-IFRS Measures

Throughout this press release, certain terms that are not specifically defined in International Financial Reporting Standards ("IFRS") are used to analyze Cequence's operations. In addition to the primary measures of net loss and comprehensive loss and net loss and comprehensive loss per share in accordance with IFRS, Cequence believes that certain measures not recognized under IFRS assist both Cequence and the reader in assessing performance and understanding Cequence's results. Each of these measures provides the reader with additional insight into the Company's ability to fund principal debt repayments and capital programs. These terms and financial measures are therefore unlikely to be comparable to similar measures presented by other companies and should not be used to make comparisons between companies. These measures should not be considered alternatives to net loss and comprehensive loss and net loss and comprehensive loss per share as calculated in accordance with IFRS.

Cash netback is a measure used in the oil and gas industry to analyze profitability after general and administrative ("G&A") and finance costs. Cash netback equals operating netback less G&A expenses and finance costs. Management utilizes this measure to analyze the Company's profitability for future capital investment or repayment of debt after considering costs not specifically attributable to its assets or operating areas. The "Operations" table reconciles cash netback to the IFRS measure net loss and comprehensive loss.

Funds flow from operations is calculated as cash flow from operating activities before adjustments for decommissioning costs incurred and net change in non-cash working capital. The Company uses this measure to analyze operating performance and leverage and considers it a key measure as it demonstrates the Company's ability to generate the cash flow necessary to fund future growth through capital investment and to repay debt. Funds flow from operations per share is calculated using the same weighted average number of shares outstanding used in the calculation of net loss and comprehensive loss per share.

The following table reconciles funds flow from operations, to the IFRS measure, cash flow from operating activities:

	Three months ended March 31,	
(thousands of dollars)	**2019**	2018
Cash flow from operating activities	**243**	48
Decommissioning costs incurred	**2,478**	2,556
Net change in non-cash working capital	**2,643**	632
Funds flow from operations [3]	**5,364**	3,236

Net debt is a measure that provides Cequence's total indebtedness. It is calculated as working capital deficiency (excluding commodity contracts and lease liability) plus amounts outstanding in the Company's Credit Facility plus the principal value of the Term Loan (previously Senior Notes). Cequence uses net debt as an estimate of the Company's assets and obligations expected to be settled in cash. The "Liquidity and Capital Resources" table in the Company's MD&A reconciles net debt.

Operating netback is a measure used in the oil and gas industry to analyze margin and cash flow. Operating netback equals revenue less royalties, operating costs and transportation costs. Management utilizes this measure to analyze operating performance of its assets and operating areas, compare results to peers and to evaluate drilling prospects. The "Operations" table reconciles operating netback to the IFRS measure net loss and comprehensive loss.

Total revenue equals production revenue gross of royalties and includes realized gains (losses) on commodity contracts. Management utilizes this measure to analyze revenue and commodity pricing and its impact on operating performance. The "Operations" table reconciles total revenue to the IFRS measure net loss and comprehensive loss.

OVERVIEW OF CEQUENCE

Cequence is engaged in the exploration for and the development of oil and natural gas reserves. The Company's primary focus is the development of its Simonette asset in the Alberta Deep Basin with other non-core assets in Northeast British Columbia and the Peace River Arch of Alberta. Further information can be found at www.cequence-energy.com.

The TSX has neither approved nor disapproved the contents of this news release.

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